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AS AT SEPTEMBER 30, 2008

Highlights for September 2008

- In September 2008, the budgetary balance shows revenue running ahead of expenditure by $299 million.
- Budgetary revenue amounts to $5.3 billion, a decline of $85 million compared to last year. Own-source revenue stands at $4.2 billion while federal transfers amount to $1.1 billion.
- Program spending rose $364 million compared to last year, and stands at $4.5 billion. This increase is attributable chiefly to a rise in spending related to the Health and Social Services mission.
- Debt service stands at $540 million, down $29 million compared to September 2007.

Based on the cumulative results as at September 30, 2008 and as forecast in the *Update on Québec's Economic and Financial Situation* tabled on November 4, the budget will be balanced in 2008-2009 by using $1.2 billion from the budgetary reserve.

SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS

(millions of dollars) **(Unaudited data)**

	September		April to September		*Update on Québec's Economic and Financial Situation*	
	2007 [1]	2008	2007-2008 [1]	2008-2009	2008-2009	Growth %
BUDGETARY REVENUE						
Own-source revenue	4 337	4 178	24 340	24 805	49 423	- 0.1
Federal transfers	1 085	1 159	6 519	6 988	13 953	2.4
Total	**5 422**	**5 337**	**30 859**	**31 793**	**63 376**	**0.4**
BUDGETARY EXPENDITURE						
Program spending	- 4 137	- 4 501	- 27 076	- 28 639	- 57 237	4.4
Debt service	- 569	- 540	- 3 446	- 3 281	- 6 716	- 4.3
Total	**- 4 706**	**- 5 041**	**- 30 522**	**- 31 920**	**- 63 953**	**3.4**
NET RESULTS OF CONSOLIDATED ENTITIES [2]	**- 53**	**46**	**29**	**333**	**365**	—
Contingency reserve	—	—	—	—	**- 200**	—
SURPLUS (DEFICIT) FOR THE PURPOSES OF THE PUBLIC ACCOUNTS	**663**	**342**	**366**	**206**	**- 412**	—
Deposits of dedicated revenues in the Generations Fund	**- 25**	**- 43**	**- 156**	**- 291**	**- 660**	—
BUDGETARY BALANCE BEFORE USE OF BUDGETARY RESERVE	**638**	**299**	**210**	**- 85**	**- 1 072**	—
Deposit in the Generations Fund from the budgetary reserve	—	—	—	—	**- 132**	—
Budgetary reserve	—	—	—	—	**1 204**	—
BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT	**638**	**299**	**210**	**- 85**	**0**	—

1 The comparative figures for September 2007 have been restated to reflect the changes made to the accounting policies implemented in the 2006-2007 accounting reform.

2 Includes the net results of the non-budget-funded bodies, the special funds, the health and social services and the education networks, and the Generations Fund.

Cumulative results as at September 30, 2008

Budgetary balance

- For the period from April to September 2008, the budgetary balance for the purposes of the Balanced Budget Act shows expenditure exceeding revenue by $85 million.
- Moreover, as forecast in the *Update on Québec's Economic and Financial Situation*, the budget will be balanced in 2008-2009 by using $1.2 billion from the budgetary reserve, i.e. part of the amount accumulated as at March 31, 2008.

Budgetary revenue

- Since the beginning of the year, budgetary revenue amounts to $31.8 billion, an increase of $934 million compared to September 2007.
- Own-source revenue stands at $24.8 billion, $465 million more than as at September 30, 2007. Most of this increase in revenue is attributable to:
  - — economic growth during the initial months of the year that has been partially offset by the personal income tax cut in effect since January 1, 2008;
  - — greater revenues of government enterprises, essentially attributable to electricity exports by Hydro-Québec.
- Federal transfers amount to $7.0 billion for the first six months of the current fiscal year, an increase of $469 million compared to the same period in 2007-2008.

Budgetary expenditure

- As at September 30, 2008, budgetary expenditure amounts to $31.9 billion, an increase of $1.4 billion compared to last year.
- Program spending rose $1.6 billion compared to last year, and stands at $28.6 billion. The most significant changes are in the Health and Social Services ($882 million) and the Education and Culture ($304 million) missions.
- Debt service amounts to $3.3 billion, down $165 million compared to the same period ended in September 2007.

Consolidated entities

- As at September 30, 2008, the net results of consolidated entities show a surplus of $333 million, i.e. $304 million more than last year.

Generations Fund

- Deposits of dedicated revenues paid into the Generations Fund total $291 million.

Net financial requirements

- For the period from April to September 2008, consolidated net financial requirements stand at $426 million, a decline of $1.9 billion compared to last year. This decline is entirely attributable to a decrease of $2.1 million in consolidated non-budgetary requirements.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

(millions of dollars) **(Unaudited data)**

	September			April to September		
	2007	2008	Changes	2007-2008	2008-2009	Changes
BUDGETARY REVENUE						
Own-source revenue	4 337	4 178	- 159	24 340	24 805	465
Federal transfers	1 085	1 159	74	6 519	6 988	469
Total	**5 422**	**5 337**	**- 85**	**30 859**	**31 793**	**934**
BUDGETARY EXPENDITURE						
Program spending	- 4 137	- 4 501	- 364	- 27 076	- 28 639	- 1 563
Debt service	- 569	- 540	29	- 3 446	- 3 281	165
Total	**- 4 706**	**- 5 041**	**- 335**	**- 30 522**	**- 31 920**	**- 1 398**
NET RESULTS OF CONSOLIDATED ENTITIES	**- 53**	**46**	**99**	**29**	**333**	**304**
SURPLUS (DEFICIT) FOR THE PURPOSES OF THE PUBLIC ACCOUNTS	**663**	**342**	**- 321**	**366**	**206**	**- 160**
Deposits of dedicated revenues in the Generations Fund	**- 25**	**- 43**	**- 18**	**- 156**	**- 291**	**- 135**
BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT	**638**	**299**	**- 339**	**210**	**- 85**	**- 295**
Revenues dedicated to the Generations Fund	**25**	**43**	**18**	**156**	**291**	**135**
CONSOLIDATED BUDGETARY BALANCE	**663**	**342**	**- 321**	**366**	**206**	**- 160**
Consolidated non-budgetary surplus (requirements)	- 397	1 182	1 579	- 2 722	- 632	2 090
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	**266**	**1 524**	**1 258**	**- 2 356**	**- 426**	**1 930**

CONSOLIDATED REVENUE FUND REVENUE

(millions of dollars) (Unaudited data)

Revenue by source	September 2007	September 2008	Changes %	April to September 2007-2008	April to September 2008-2009	Changes %
BUDGETARY REVENUE						
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	2 121	1 996	- 5.9	9 506	9 579	0.8
Contributions to Health Services Fund	470	435	- 7.4	2 650	2 766	4.4
Corporate taxes	100	233	1 33.0	1 903	1 810	- 4.9
Consumption taxes	1 286	1 100	- 14.5	6 973	6 973	0.0
Other sources	171	167	- 2.3	1 349	1 420	5.3
Total	**4 148**	**3 931**	**- 5.2**	**22 381**	**22 548**	**0.7**
Revenue from government enterprises	**189**	**247**	**30.7**	**1 959**	**2 257**	**15.2**
Total own-source revenue	**4 337**	**4 178**	**- 3.7**	**24 340**	**24 805**	**1.9**
Federal transfers						
Equalization	596	669	12.2	3 580	4 014	12.1
Health transfers	308	310	0.6	1 848	1 907	3.2
Transfers for post-secondary education and other social programs	114	105	- 7.9	685	655	- 4.4
Other programs	67	75	11.9	406	412	1.5
Total federal transfers	**1 085**	**1 159**	**6.8**	**6 519**	**6 988**	**7.2**
TOTAL BUDGETARY REVENUE	**5 422**	**5 337**	**- 1.6**	**30 859**	**31 793**	**3.0**

CONSOLIDATED REVENUE FUND EXPENDITURE

(millions of dollars) (Unaudited data)

Expenditures by mission	September 2007	September 2008	Changes %	April to September 2007-2008	April to September 2008-2009	Changes %
BUDGETARY EXPENDITURE						
Program spending						
Health and Social Services	1 728	1 989	15.1	11 607	12 489	7.6
Education and Culture	1 027	1 145	11.5	7 384	7 688	4.1
Economy and Environment	605	546	- 9.8	3 321	3 475	4.6
Support for Individuals and Families	424	449	5.9	2 652	2 719	2.5
Administration and Justice	353	372	5.4	2 112	2 268	7.4
Total program spending	**4 137**	**4 501**	**8.8**	**27 076**	**28 639**	**5.8**
Debt service	**569**	**540**	**- 5.1**	**3 446**	**3 281**	**- 4.8**
TOTAL BUDGETARY EXPENDITURE	**4 706**	**5 041**	**7.1**	**30 522**	**31 920**	**4.6**

For information on this monthly report, contact Luc Monty at 418 691-2225.
The report is also available on the ministère des Finances du Québec website: www.finances.gouv.qc.ca.